

Financial Statements of

**PARRY SOUND AREA MUNICIPAL
AIRPORT COMMISSION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Parry Sound Area Municipal Airport Commission

Opinion

We have audited the financial statements of Parry Sound Area Municipal Airport Commission, which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the “***Auditor's Responsibilities for the Audit of the Financial Statements***” section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.



Page 2

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
January 22, 2025

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 63,966	\$ 138,319
Accounts receivable	103,196	150,146
Inventories for resale	81,517	53,760
	<u>248,679</u>	<u>342,225</u>
Financial liabilities:		
Accounts payable and accrued liabilities	50,257	43,252
Deferred revenue	19,723	22,409
Due to Seguin Township (note 2)	2,495,290	-
	<u>2,565,270</u>	<u>65,661</u>
Net financial assets (debt)	(2,316,591)	276,564
Non-financial assets:		
Tangible capital assets (note 3)	12,181,019	6,137,426
Prepaid expenses	9,842	8,884
	<u>12,190,861</u>	<u>6,146,310</u>
Accumulated surplus (note 4)	<u>\$ 9,874,270</u>	<u>\$ 6,422,874</u>

The accompanying notes are an integral part of these financial statements.

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget	2022	2021
Revenues:			
Government transfers			
Municipal	\$ 50,000	\$ 50,000	\$ 50,000
Provincial	1,600,000	1,424,613	7,692
Federal	2,124,739	2,205,241	331,042
Contributions from third parties	-	7,500	-
Sales of fuel and oil	411,020	576,288	402,119
Sales - Wings Café	60,000	55,261	32,665
Tie downs	10,500	11,659	12,075
Leases and office rentals	345,867	353,869	329,982
Other revenue	14,540	12,157	7,030
Total revenue	4,616,666	4,696,588	1,172,605
Expenses:			
Wages and benefits	320,724	298,912	227,816
Fuel and oil	317,520	447,099	286,021
Amortization of capital assets	283,000	282,555	283,563
Office supplies and miscellaneous	13,550	7,834	7,335
Wings	22,200	28,754	18,000
Repairs and maintenance	78,300	79,405	72,015
Telephone and utilities	26,618	26,630	22,549
Professional fees	15,450	13,130	22,219
Advertising and memberships	18,044	15,070	5,083
Insurance	21,700	20,499	18,788
Bank charges and interest	7,750	25,304	7,660
Total expenses	1,124,856	1,245,192	971,049
Annual surplus	3,491,810	3,451,396	201,556
Accumulated surplus, beginning of the year	6,422,874	6,422,874	6,221,318
Accumulated surplus, end of year	\$ 9,914,684	\$ 9,874,270	\$ 6,422,874

The accompanying notes are an integral part of these financial statements.

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Change in Net Debt

December 31, 2022, with comparative information for 2021

	2022 Budget	2022	2021
Annual surplus	\$ 3,491,810	\$ 3,451,396	\$ 201,556
Acquisition of tangible capital assets	(4,966,319)	(6,326,148)	(481,629)
Amortization of tangible capital assets	283,000	282,555	283,563
	(1,191,509)	(2,592,197)	3,490
Acquisition of prepaid expenses	(9,842)	(9,842)	(8,884)
Use of prepaid expenses	9,842	8,884	6,925
Change in net financial assets (debt)	(1,191,509)	(2,593,155)	1,531
Net financial assets, beginning of the year	276,564	276,564	275,033
Net financial assets (debt), end of the year	\$ (914,945)	\$ (2,316,591)	\$ 276,564

The accompanying notes are an integral part of these financial statements.

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,451,396	\$ 201,556
Items not involving cash:		
Amortization	282,555	283,563
	3,733,951	485,119
Change in non-cash assets and liabilities:		
Accounts receivable	46,950	(33,686)
Inventories for resale	(27,757)	(19,002)
Accounts payable and accrued liabilities	7,005	14,576
Due to Seguin Township	2,495,290	-
Deferred revenue	(2,686)	2,686
Prepaid expenses	(958)	(1,959)
Net change in cash from operating activities	6,251,795	447,734
Capital activities:		
Cash used to acquire tangible capital assets	(6,326,148)	(481,629)
Net change in cash from capital activities	(6,326,148)	(481,629)
Net change in cash	(74,353)	(33,895)
Cash, beginning of year	138,319	172,214
Cash, end of year	\$ 63,966	138,319

The accompanying notes are an integral part of these financial statements.

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2022

1. Significant accounting policies:

The financial statements of the Parry Sound Area Municipal Airport Commission (the Airport) are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Airport are as follows:

(a) Grants:

Government grants are recognized in the financial statements as revenue in the year in which events giving rise to the event occur, providing the grants are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(b) Inventories for resale:

Inventory of goods held for resale at the Airport has been valued at the lower of cost and net realizable value by using first-in first-out inventory costing methodology.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost. Amortization is provided over the estimated useful lives of the assets using the straight-line basis at the following rates:

Buildings	40 years
Furniture and fixtures	3 - 10 years
Equipment	10 - 15 years
Runway and parking Lot	10 - 40 years
Land Improvements	40 years

Assets under construction are not amortized until they are placed into use. In the year of acquisition or usage, half of the annual amortization charge is taken.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable and inventory. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Due to Seguin Township:

A note payable in the amount of \$2,495,290 (2021 - \$Nil) is owing to the Township of Seguin. The loan is unsecured, bears interest at TD Composite prime and has no specific terms of repayment.

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2022

3. Tangible capital assets:

Cost	Balance December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 43,002	\$ -	\$ -	\$ 43,002
Runway and parking	4,064,640	6,326,148	-	10,390,788
Buildings	2,637,592	-	-	2,637,592
Land improvements	1,894,954	-	-	1,894,954
Furniture and fixtures	31,771	-	-	31,771
Equipment	673,643	-	-	673,643
Total	\$ 9,345,602	\$ 6,326,148	\$ -	\$ 15,671,750

Accumulated amortization	Balance December 31, 2021	Disposals	Amortization expense	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Runway and parking	1,943,199	-	111,343	2,054,542
Buildings	638,801	-	84,036	722,837
Land improvements	280,670	-	47,374	328,044
Furniture and fixtures	28,618	-	209	28,827
Equipment	316,888	-	39,593	356,481
Total	\$ 3,208,176	\$ -	\$ 282,555	\$ 3,490,731

	Net book value December 31, 2021	Net book value December 31, 2022
Land	\$ 43,002	\$ 43,002
Runway and parking	2,121,441	8,336,246
Buildings	1,998,791	1,914,755
Land improvements	1,614,284	1,566,910
Furniture and fixtures	3,153	2,944
Equipment	356,755	317,162
Total	\$ 6,137,426	\$ 12,181,019

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2022

3. Tangible capital assets (continued):

Cost	Balance December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 43,002	\$ -	\$ -	\$ 43,002
Runway and parking	3,613,250	451,390	-	4,064,640
Buildings	2,607,353	30,239	-	2,637,592
Land improvements	1,894,954	-	-	1,894,954
Furniture and fixtures	31,771	-	-	31,771
Equipment	673,643	-	-	673,643
Total	\$ 8,863,973	\$ 481,629	\$ -	\$ 9,345,602

Accumulated amortization	Balance December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Runway and parking	1,831,856	-	111,343	1,943,199
Buildings	555,370	-	83,431	638,801
Land improvements	233,296	-	47,374	280,670
Furniture and fixtures	27,935	-	683	28,618
Equipment	276,156	-	40,732	316,888
Total	\$ 2,924,613	\$ -	\$ 283,563	\$ 3,208,176

	Net book value December 31, 2020	Net book value December 31, 2021
Land	\$ 43,002	\$ 43,002
Runway and parking	1,781,394	2,121,441
Buildings	2,051,983	1,998,791
Land improvements	1,661,658	1,614,284
Furniture and fixtures	3,836	3,153
Equipment	397,487	356,755
Total	\$ 5,939,360	\$ 6,137,426

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2022

4. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 9,484,725	\$ 6,137,426
Other	89,946	-
Total surplus	9,574,671	6,137,426
Reserve for infrastructure	38,705	24,552
Reserves set aside for future operations	260,894	260,894
	<hr/> \$ 9,874,270	<hr/> \$ 6,422,872